

**Kristi Blazer**  
**OH 2334\_1**  
**Montana Historical Society**  
**Montana Brewery Oral History Project**  
**July 13, 2017**

**Anneliese Warhank:** Today is July 13, 2017. I am in Craig, Montana with Kristi Blazer. She is the lobbyist for the Montana -- help me out here.

**Kristi Blazer:** Beer and Wine Distributors Association [MBWDA].

**AW:** Yes, thank you. All right. Today, we're gonna be talking about the Distributors Association's involvement in the craft brewery industry in the state of Montana for the past few decades. All right, so actually let's start little bit with your story personally. What brought you to Montana originally?

**KB:** That's a very good question. I was raised in northern Idaho, south of Coeur d'Alene Lake. My family had a ranch and farm ... farm down there. Then, I went away to school. I went to college in Colorado. I went to law school in a couple different locations and finished up in Portland, Oregon. After all my schooling, I decided I wanted to go back to what felt comfortable to me and that was something that was like northern Idaho, but the Coeur d'Alene area had become quite populated. I needed something that more wide-open spaces that had the feel as northern Idaho. I picked Montana. Actually, as a little anecdote, my husband told me that I could either ... he would either move me to Montana or to Australia. He asked me where I wanted to go, and I said I wanted to go to Australia or Montana. He decided that Montana was easier. That's why we ended up here.

**AW:** All right. What year did you come to Montana?

**KB:** I came to Montana in 1991.

**AW:** Okay, what ... did you come here and start practicing law right away or ....

**KB:** I did. The summer that we arrived, we lived on a boat out in Canyon Ferry Lake because we couldn't find a rental that would take a small dog, which we had. We parked our boat in Yacht Basin, the ramps out there -- boat ramps. I proceeded to study newspapers and look for want ads and job opportunities. Within a couple of months, I was hired by the Attorney General's office in Montana.

**AW:** Were you aware of any of the region's breweries and operations in the 1990s?

**KB:** No. You know, I was probably a Budweiser or Rainier drinker at that point. There really wasn't much in the way of a brewing industry in Montana in 1991.

**AW:** Right, yeah. That's true. Okay, what year did you begin representing the Montana Beer and Wine Distributors Association?

**KB:** That was in 1997. I joined a law firm. I'd been recruited when I was the AG's office by Luxan & Murfitt. At the time I entered that law firm, Tom Hopgood, who was a partner, had the contract with the Montana Beer and Wine Distributors Association to be their executive director and lobbyist. In about 1996, Tom was getting ready to move to North Dakota. He was gonna become general counsel for MDU - Montana Dakota Utilities. He arranged for several people to interview for the position, including Steve Browning, Mark Staples, Rick Hill and Candace Payne who was another female lawyer in our firm that did some lobbying. I was not a lobbyist, but I went along with Candace because I could offer litigation

support to the association. We were sorta selling ourselves as a package deal. For some unknown reason, 'cause Candace is a great girl -- great lady and a great lawyer -- they wanted to interview me for the position of ED [Executive Director].

At six o'clock that night, after the original interview that day, the board of directors invited me up to be interviewed again. They asked me if I ... if they were to give me the job as executive director, would I learn how to lobby? Of course, I knew that the firm valued this association as an important client, so the only correct answer was yes. [laughter]

**AW:** Good answer! It sounds like Tom Hopgood ... you worked with him, so were you aware of ... were you following the MBWDA's efforts in the previous sessions?

**KB:** I was completely unfamiliar with the industry or any of the industry issues. I got my feet wet really quick. The negotiations were ongoing at the time. It would've been in the summer of '97. It was after the legislative session that already occurred. They were ... the discussions were ongoing between a group of breweries including Brian Smith with Blackfoot [River Brewing Company] and Tim O'Leary with KettleHouse [Brewing Co.] and, you know, I don't think Big Sky [Brewing Company] was involved in the negotiations. There was Sandy Berger, right? Dennis Himmelberger from Billings. Then, Todd Daniels from Kessler [Brewing Company]. I guess that was pretty much it for the brewers. Then, you had the Tavern Owners Association and you had the distributors.

They'd been working on a compromise at the time I joined in. The idea was to allow the breweries to sell their samples. That's what they wanted. Their position was that they had to give away all this beer in order to get people to try their beer. Why not just instead of giving it away, why not allow them to charge for their samples? They had been fighting that at a number of sessions. Mark Staples put in a way, he said "That, you know, they were going to get something passed. Either with or without us." When we later looked back on the deal or the compromise and said maybe we should've put up bigger fences or stronger restrictions on things. I said, "Maybe we let the horse out before we got the fence good and [unintelligible]." 'Cause at the time, there was a sense that the taverns were going to suffer because of the growth of the breweries. Mark Staples response to that was "Well, it wasn't a matter of letting the horse out." He said, "That was a big stallion that was gonna kick the door down if we didn't let 'em out."

**AW:** Wow! What were ... during those negotiations, what was the atmosphere like? I mean, I know that the brewers had been at odds with the tavern owners in the previous sessions and now they were trying to finally work together, was there still tension?

**KB:** You know, I recall not a great deal of detail about those negotiations. When I entered the fray, there was already kinda framework of what we were planning on doing. It was a matter, you know, adjusting how many pints can be given or sold, excuse me, per customer, per day, you know. What are the limitations on the size of the sample room, if any? What do we want the hours to be? Just the things that were restrictions. What did we want the barrelage be? That's a common question people ask us, why 10,000?

Well, at the time, the brewers came up with that number. Big Sky was still within the 10,000, but they indicated that they didn't really want to ... I think they were at 8,000 something barrels per year production at that time. It went up to 9 and quickly exceeded the 10,000. All breweries in Montana in 1999, when the sample room exception was passed, would have qualified. Even Brian Smith, as you've noted in these legislative history notes, said that he probably wouldn't even take advantage of the law. Of course, he has the most successful in terms in of volume out the tap room door of any brewery in Montana.

**AW:** When the language was being drafted, what were some of, if any, were concerns from the Distributors Association?

**KB:** You know, we really were kinda in the same camp as the tavern owners. The historical background was that brewers were not to retail beer. In fact, the statute that into we fit the sample room exception, that's clearly in its time -- brewers not to retail beer because there was a sense in a pure three-tier system you have brewers who make the beer. They brew the beer, that's their role. Then, you have the distributors that take it out to the on-premise and off-premise retailers and redistribute beer. Then, you have the retailers, both on and off-premise, that sell the beer, retail the beer to consumers. Those roles, for a long period of time, were very clearly delaminated. You didn't blur the lines or have one tier creep into the business of another tier. Our concern was, you know, with the sanctity of the three-tier system, we knew that this small exception was sorta outside the normal three tier way of thinking. We wanted to make sure it was a small exception and that it had good reason.

You know, looking back on it, you know, I'd say that everybody has benefited. Whether people want to admit it, or not, I think distributors have benefitted to some degree. The retailers have benefitted to some degree. Certainly, the brewers have flourished. There's been, you know, conflict because you got a limited pie of beer that is sold each year. It's not a number that increases. It's really not ... when the brewers talk about them contributing to economic growth that's a little misleading because the amount of beer is static. It's just, it's a pie. What you got, is the three tiers and what changes is economic shifting. You change the amount that each tier participates within that total number. That's where the friction comes.

**AW:** Oh okay. Interesting. That still goes on today?

**KB:** That still goes on.

**AW:** Is it getting more intense as more breweries come onto the scene and they up the cap in barrel production?

**KB:** You know, I don't think that change is in the picture that much. It's just a fact of life that's going to exist. The three tiers are going to be competing to see if they can expand their piece of pie or at least prevent it from being diminished any further. Each session there's controversy in the alcohol industry. Legislators are angry with us for not solving our own problems. The nature of the beast has been intractable, and we have not come up with a good solution. Luckily, we were able to come up with some compromises to the ... what ended up being House Bill 541 so that the tavern owners got something out of it. They got the cap on sample room sales. They also got the three-location limit. We were able to get a good a definition of what annual production is and who it should be attributed to. We were also happy with the three-location limits. We don't have chains of breweries in the state of Montana. There was something in it for everybody.

**AW:** Actually, I don't think that that has been mentioned -- the three-location limit. Could you explain that a little bit more?

**KB:** It's that any brewery that's got common ownership can't have any more than three locations in the state. There's also this aggregate production, which means that let's say you now have KettleHouse one, two and three, with the new one that was opened in Bonner. Their annual production cannot exceed the new number, which is 20,000 barrels combined. If you got, you know, 5,000 at one and 15,000 at the other. Then, you got the third one is stuck with 15,000 or less to keep their samples. That's the important part: breweries continue to grow regardless of this cap on the production. They just lose the right to have

a sample room at which they sell their beer. Big Sky's gotta a sample room that they give away something like \$500,000 worth of beer every year, you know. Now, because of this bill, at least for a period of time, I think they are able to sell ... to participate.

**AW:** Thank you. I think so.

**KB:** That was when it was gonna be 60.

**AW:** I think it ended up being 60.

**KB:** It was 60. You're right. There was a time that it was ... they tried to notch it down.

**AW:** It should be interesting to go into Big Sky now that they are actually are selling

**KB:** Yeah, I'd like to see the difference.

**AW:** All right, where .... You were involved in drafting up the language. I know we've kinda spoken about this a little bit, but what ... were there any requirements that the distributors wanted to have in the bill in '99 that either were ... that either got passed or got cut out? Do you remember any language?

**KB:** You know, I don't. I don't remember that kinda detail. I wish had old my files 'cause then I could refresh my memory, but those are long gone. I would say that we might've trotted out some ideas that would've been rejected. All I truly recall, you know, with any reliability, you know, is what ended up as being the final bill.

**AW:** Okay. Yeah, unfortunately there's not much in the legislative records.

**KB:** No, just kinda what the deal ended up bein'.

**AW:** Unfortunately. Who knows where they ended up. Did you get any pushback from the domestic beer producers, who obviously had their own limitations about microbreweries or were they not aware of what was happening while all of that was going on?

**KB:** That's an interesting question. I don't recall them ever weighing in. I mean, it was kinda like this is a Montana issue. When you say domestic brewers, you're talking about like maybe Anheuser-Busch or Coors? They never weighed in on these issues. There was a time when I remember being concerned whether the lobbyists for ABI [Anheuser-Busch InBev] might take an enough of an interest in this. There was some discussion about that, but they've never actually, that I recall, made an appearance and testified on any of the bills that either were defeated or got passed that relate to what small Montana breweries can or can't do.

**AW:** Interesting. Even, I mean, 'cause obviously the national scene, they're really trying to ... you're constantly hearing about domestics trying to buy out .... Do you think they haven't focus so much on Montana because we're more of a rural state or?

**KB:** I think maybe it's because the sample room is quite a different creature then brewpubs in many states. What Anheuser-Busch -- well, actually it's ABI In Bev now. We have figured out this sorta ... their perfect small brewery to buy appears to be one around 20 to 30,000 barrels of production per year and one that's able to sell to the public 'cause as a big brewery they don't get that right. In Idaho, they were able to buy a brewery called 10 Barrel [Brewing Co.]. Turns out that the law was not written very well in Idaho. Even though ABI's annual production should've been added to Ten Barrel's and disqualified it from selling to the public, the department of revenue equivalent in Idaho, whoever administers the state alcohol regulations there, decided that the statute must've meant only Idaho

production. They were able to acquire a brewery that was a size they liked and not have their production count towards 10 Barrel's and now they have a sample room or a, you know, brewpub type of situation in Boise, Idaho.

**AW:** Interesting. I know this is obviously Idaho focused and I'm not Montana, but does that mean ... does that open the door for them to do the same thing to other Idaho breweries?

**KB:** They probably could do that with other Idaho -- although I think they closed the door legislatively after that [unintelligible]. There was a declaratory judgement action trying to tell their version of the Department of Revenue that their interpretation was wrong 'cause it doesn't say nothing about Idaho production. It was just somebody's interpretation. That never brought them their relief they wanted. They went back to the legislation. They closed it, but they had to allow ABI to continue to operate 10 Barrel. That was one of the things we got out of this bill, House Bill 541, was the ability to make a more clear definition so that doesn't happen in Montana.

**AW:** Okay. Sorry. [laughter]

**KB:** A little bit interesting side bit, is that the bill that was introduced in Montana in the 2017 session that became House Bill 541, we wrote that bill. The distributors did for the 2015 session because they had a stacked license bill and we wanted to help our brewer friends out. We had a group of breweries that worked with us on that bill. We actually were responsible for creating the language. Whoever made the decisions in ... 2017 legislative session to put together a bill to raise the cap used the same, exact language that we had created for the prior session.

**AW:** That's interesting. Okay, I know we're not moving in chronological order at all, but you can you talk a little bit more about the 2015 drafting? Who exactly came to you to help ... to ask for that bill to be drafted?

**KB:** It was our board of directors decided that was a good idea as some sort of option other than just fighting the stacked license bill. We wanted to give the legislators another choice. Then, we worked with the brewers on how it should look. You know, there was a group of brewers that were all in favor of requiring a stacked license, meaning that you'd have to buy a retail license, like a MTA kinda of license in order to continue to grow. That was their attempt to sorta add value to their licenses by requiring breweries to own one of those if they wanted to get bigger. We did not like that because it completely the destroys the notion of the three-tier system [unintelligible] actually permitting legally someone to own a license in both tiers. Currently, there's a prohibition against cross tier ownership. A brewery can't own a distributor. A distributor can't own a retailer. A retailer can't own a distributor. You know, all those variations are against the law because you wanna prevent ... you wanna keep the three-tier as intact as possible, acknowledging there are some limited exceptions like the sample room exception. I think I've is misdirect ... in another direction of your original question.

**AW:** No, that's okay. I was asking ... you said your beer friends had come to you to ask you to ....

**KB:** That was our board of directors that wanted to do that. Again, it was a strategy to helped defeat the stacked license bill. Then, as part of that strategy, we certainly did include our brewer friends; the ones that did not agree with the stacked license concept. That is really what happened in 2015, is you had the breweries divided. You had some that wanted stack license approach because they felt if they worked with the MTA [Montana Tavern Association], they could get something done. They'd been tired of squished under the thumb of the MTA on their room, you know, they wanted to have their sample room hours adjusted so they could be later. Every time they tried something like that, the MTA killed it. We

wanted to offer another solution that did not included stacked licenses. We came up with the pre-cursor of House Bill 541 for that reason, and included our brewer partners in doing that. We had a gentleman that had previously worked for Legislative Services outside of the Legislature, do the initial draft of the bill that we ended up having submitted.

**AW:** Do you happen to remember his name?

**KB:** Yes, Lee Hineman [?].

**AW:** Lee Hineman. Okay. Perfect. Then, just as a side note, perhaps you could clarify for me, there are breweries that have beer and wine licenses and then there ... such as Lewis & Clark [Brewing Company].

**KB:** Sure.

**AW:** Then there are breweries that have full liquor licenses like Flathead [Lake Brewing Company].

**KB:** 'Kay, here's how that happens. That's not a stacked license. If we call it a legal work around because the same person is not owning both the brewery license and the retail alcohol license. It doesn't really matter if it's beer and wine or full all beverage. What these families or close business associates have done is somebody owns the brewery license and then somebody they trust, maybe mom or a trusted associate or somebody that's not family, buys the retail license and then they work cooperatively in adjacent premises to do that. In the case of Lewis & Clark Brewery, it's Max [Pigman]'s daughter ...

**AW:** Okay.

**KB:** ... owns the retail license. In the case of Red Lodge [Ales], up in ...

**AW:** Flathead.

**KB:** No there's Red Lodge up in ....

**AW:** Red Lodge.

**KB:** What is it? It's Sam Hoffman

**AW:** Sam Hoffman, yeah.

**KB:** His mother owns the liquor license.

**AW:** Okay.

**KB:** I'm not sure about Flathead, but it's somebody other than the person who owns the brewery. The Department of Revenue actually makes them be transparent and accountable. They can't just, you know, exchange money between the two business. There has to be a clearly divided line. A lot of times, these businesses complain because they have to pay accountants and lawyers too much money to keep the two businesses separate. We like the fact that they are separate. They are accountable, and they have to be transparent. If the tavern part or the license part is making more money, and wants to be able, you know, do something to expand the brewery or enhance the brewery, and spend some money over there, they have to come up with agreements to actually provide services like when you draft [unintelligible] for the brewery. They have some very creative ways, but you know, they're legitimate. The Department of Revenue keeps an eye on them. Makes sure they're legitimate. I believe, at last count, there were about of the twenty breweries in Montana that have some sort of legal work around.

**AW:** I see.

**KB:** They're, of course, they're allowed to stay open until two o'clock where a normal sample room has to close at eight and have drinks consumed by nine.

**AW:** Right. Actually, I know that that whole eight o'clock cut off was kinda the last-minute work into the bill. Were in involved in that last-minute wording?

**KB:** Now, you're talking about the fact that they keep their drinks until nine o'clock?

**AW:** Only being able to serve until eight? I'm sorry I'm jumping way back to the nineties, now.

**KB:** That was always part of the deal. They were only gonna have limited hours. The tavern owners did not want them competing with them during their prime bar hours, which would be from eight o'clock on. The one hour that they got extra that they can't sell after eight, but they can sit and finish their beer until nine. That was done by administrative rule because the language of the statute was flexible enough to allow that. Now contrast that with the distillers, they have to not only quit selling at eight, but they have to pull the drink at eight. There's some real sense of unfairness there, but it's because the language which allowed distilleries to have a sample room, that language is much tighter. They could not make that change by administrative rule.

**AW:** Interesting. Had not even thought about the distiller's side of things. Maybe in another project.

**KB:** They would like to have parity with the brewers and brought a bill to do that, but the legislative process got the better of that bill. It was a good bill. It was an easy bill. Should've passed.

**AW:** Do you think they'll try in the future to change it?

**KB:** Yeah, I think they'll keep trying.

**AW:** All right. Have to keep an eye out for that then. Okay. Sorry, jumping .... Let's see, let's go with this question. Do you feel the language in the '99 bill was fair, and do you think the distributors would still have supported the bill if the tap room closing time had been allowed to go further than eight o'clock, like ten o'clock?

**KB:** I don't think so. I think we felt that the eight o'clock was a fair and reasonable compromise to the MTA. We were trying to make sure that all parties were protected in some respects. To allow this rule exception, which we considered to be a little exception. I think this is important, Anneliese to note, that in our minds, and I remember this very clearly, we thought that what would happen if we allowed them to sell their samples, would be they'd have these little white washed rooms, maybe 8 by 10 rooms off to the side of the brewery; with these hard-wooden tables and hard benches. The tourists from Michigan and the tourists from Florida would come marching in and they would go on this tour. Then, they'd sit down, and they'd pour them these small, little portions of up to the, you know, the forty-two ounces of different kinds of beer. The tourists could taste all these different kinds of beer, you know, in a small amount. Then, take home a few six packs of their favorite Montana beer. Pick out which one that particular brewery they liked.

We had no idea that they would become the local hanging out spot. This is a clear case of unintended consequences. Although, you know, looking back on it now I can see that I think the whole thing is a good thing, but there was a period of time there, where we were quite surprised. All of the folks involved in the '97/'99 compromise, we had had that vision of it. 2000, things were fine. 2001, things were fine. 2,3,4 ... I don't think it's until about 2006, 2007 that you started seeing that these breweries ... people ... the same people every day, were there every day. The locals. The regulars. They had regulars. That was

not what we had thought would happen. Complete unintended consequences in so far as what we envisioned at the time.

**AW:** Right. That was not just a Montana thing. Nation-wide it was kinda like that, right? Tap rooms weren't a thing until 2006, 2007?

**KB:** That's probably correct.

**AW:** So, you didn't have other states to kinda go off of and see ....

**KB:** It's kinda interesting. Montana is unique. There's no other state that has the same sort of sample room exception that we do. Other states have other types of limitations. Some states, you know, allow full blown brewpubs where it really becomes kinda retailer of sorts. We did not want these sample rooms to be the retailer. We wanted them to be an exception that allowed limited sale, samples.

In many states, what they do when a brewer opens up his doors, they have to decide whether they're going to be a production brewery and focus on producing a lot of beer that's going to go into cans and bottles to go out to various mostly off-premise retailers and some on-premise retailers. Or do they want to be a specialty retailer, which is a brewpub, in which case .... Typically, those kinds of businesses can't distribute, you know, their own beer. In Montana, there self-distribution is allowed with the breweries. They cut out certain rights as a retailer type of brewery that they wouldn't have as a production brewery. Each state has evolved so very differently. There's some, you know, certainly comparisons and similarities, but I'd say by and large, the differences outweigh the similarities.

**AW:** Definitely. All right. Obviously, things didn't really take off right away in terms of breweries and tap rooms. In what ways was the distributing industry affected immediately following the tap room passage? How has it evolved as the number of breweries in the state has grown?

**KB:** I'd say it's the same, with respect of the impact of sample rooms on us as it was the MTA. It was quite a while before it really showed any sort of impact, but now because you have some ... in some aspects ... you've heard of a monopoly where they don't have to use a distributor. You know, a brewery can brew its own beer, they can self-distribute their own beer, and they can sell their samples. They don't need a distributor. With vast number, by vast I mean seventy breweries or, so I think, is close to the number that we have currently. All those, you know, some of them do participate in the three-tier system. Once -- usually, once they hit about 5,000 barrels of production every year, they don't really wanna be a distributor any more. They start looking to us. I don't frankly sitting here know the breakdown between how many breweries of those seventy are below 5,000 versus above 5,000, but there's still a large number that are below 5,000 and do a lot of their own distribution, and you know, retail sales. To that extent, they're selling beer that we never touch.

**AW:** That's true, yeah. Okay, so how about as more do get to the point where they ... where they're bottling and distributing in grocery stores, do you feel like ... sorry. So, as more shelf space is being taken up by the microbrew beers, have you felt more pressure from the domestics? I mean, I know that ... I've heard about domestics doing certain things to kinda, like, manipulate the distributors.

**KB:** That's the beauty of the three-tier system is there's probably twenty-five references in the beer code to the independence of wholesalers. Should we ... we should be completely and totally independent and make our decisions. In which case, the distributors love the Montana craft breweries because we have nice, you know, we have the ability to sell some very nice beers. We make a lot money off of those beers, too. It's good partnership. Our trucks are going to these bars and convenience stores and Albertsons, anyway, why not throw on some nice six-packs of Montana beer.

I think in Montana the independence is still largely there. There are some breweries, the big domestic breweries, that do like control and they provide ... and rather than it being a stick, they provide carrots in some cases to distributors to focus their products. It really isn't working very well anymore. There was a time that AB gave special benefits to AB distributors that were exclusively AB. They didn't sell anything else. That just doesn't work anymore in Montana. All of our AB distributors have a nice variety of craft. They sell them too. Every once and awhile ABI wants to sorta add some program that says you supposed to favor our beer over their beer. They try to get away with that and maybe do some extent, they do in a minor way.

Really, I believe my distributors are quite independent in their business judgements in what beers they take on, how they sell those beers, how they market and promote those beers. I think that's something that the public doesn't understand. We don't just take trucks out and lay the beer in the shelves and say bye. Our job is to promote particular beers. We are the advertisers and promoters and campaigners for these beers that we take on. When we take on a new beer, we typically meet with the brewery and the brewmasters. They have this vision for this beer. They might have a slogan, you know, whatever their theme is for this beer. They meet with our salespeople. They educate our salespeople. Then, it's our people that go out and make that happen in the marketplace. We spend so much time and money in promoting their beer, that we might take it from, you know, a five percent market share up to a thirty-five percent market share.

That's why we have franchise laws that protect distributors from having a brewer say I'm gonna go try Joe Distributor down the corner. We put all that time, effort, and money into making their beer great and making it a bestseller and then they just rip it out from underneath us. They have to have good cause to terminate my distributors.

**AW:** Okay. Great. Can you tell me a little bit about the Alcohol Beverage Coalition and the Distributors Association's decision to leave it in late 2014?

**KB:** Yes, I'm glad you had that little bit of history in there. We did not really feel like we could stay there because what had happened was, whoever put together that coalition -- was Tony Herbert to start. He represented the brewers at that point. It was heavily weighted towards the retail side of the industry. At that time, there were three groups that all had retail alcohol licenses and their mission in their life was to protect those licenses at all cost. You had the MTA, the Montana Tavern Association. You had the [Montana] Restaurant Association, who all own liquor licenses. You had the gaming industry, who also all own liquor licenses. On top of that, then, you had the distributors and you had the brewers. These three, you know, got together with the brewers to create this stacked license deal.

We objected from the very beginning not only objected but strenuously objected. Yet, you'd see articles in the *Tavern Times* saying that the coalition was all 100 percent for this stacked license bill. We were all on the same page. We kept publishing and trying to, you know, make clear to the public and the legislators, no we don't agree with that. In order have people and wake up and see that we were back there jumping up and down and screaming and yelling, saying we're not part of that agreement. We don't want stacked licenses. We had to send out a press release and withdraw from the coalition.

**AW:** Wow!

**KB:** That was our only purpose was ... they'd already decided they were going to bring this bill. We did not agree with it. They were misrepresenting to the public and to legislators that we were part of this coalition and agreed with that approach.

**AW:** Wow! Do you know if that bill did come forward?

**KB:** Oh yeah! It was a big war in 2015.

**AW:** I remember something going on. I apologize, I don't remember the specifics.

**KB:** There was a stacked license bill in that session. We just pulled out all the stops to defeat it. I was lobbying by myself that session. We did bring on an extra couple of lobbyists in the 2017 session and also in the 2017 session we had ... excuse me, 2015 session. I guess it was the 2015 session. You're right, I was wrong. The 2015 session was when we brought on the lobbyists and we had that second bill. They didn't come on until the end of December. We'd already had that bill in process. It was 2013, that it was us against the world.

**AW:** Okay.

**KB:** What date did you have down for our withdrawal?

**AW:** I had late 2014. I could've gotten date that wrong.

**KB:** I think it was right before the 2013 session. I'll have to ... this might be one of those parts of the interview that ...

**AW:** We can always add something later on if we need to just to clarify.

**KB:** I've got the press releases somewhere back in my office that when we were announcing our departure from the coalition. It was because of the makeup of the coalition, at that time, being so oriented towards ... you had three votes for the licenses and the breweries happened to side their association. Now, they're ... as I mentioned before that not all the brewers were part of the association's decision to go for stacked licenses.

**AW:** Then, the rest of the Alcohol Beverage Coalition eventually dissolved ... well .... Correct?

**KB:** It's always been there. It sorta quiets down right after a legislative session, but in the fall, usually around October or so, people start thinkin' we should get together and talk about things. It's never completely died, but it's evolved.

**AW:** Okay.

**KB:** It's evolved from that very top heavy, retailer-oriented coalition to one that now also includes liquor stores and distillers. We've got more balance and, you know, some other voices that help, you know, even things out a bit. We hired a facilitator, Darryl James, who ... the number of cuss words has decreased drastically. The civility has increased drastically. We also record all of the meetings. I occasionally will want to have transcribed certain excerpts where I want to remind people what it was we talked about and agreed to. That makes people more accountable. It's the process of the alcohol coalition has been vastly improved.

**AW:** Wow

**KB:** It used to be just a free for all -- who could killed yell the loudest. Intimidate the most. It was a not a pretty thing to have to do attend.

**AW:** What exactly was it formed?

**KB:** It was formed ... it seems like it was for the 2013 session. That was the session we had the big fight. The first big fight. We had big fights in 2013, 2015 and then 2017 not so much. I mean, there was not agreement on House Bill 541, but until the very end when Senator Thomas got a bunch of us all put in the same room and said we're gonna come out of here with an agreement.

**AW:** Interesting.

**KB:** That's when the give and take occurred. My recollection just sitting here, is the coalition must have started meeting in 2012 sometime in advance of the 2013 session. That's when [unintelligible] stacked license bill, that we disagreed with so strongly. The same thing occurred in 2015. There was gonna be a stacked license bill. That's when we went off on our own to create the other bill to compete with it.

**AW:** Just to finish up, could you talk a little bit about House Bill 541 that was passed this session and the Distributors Association role in that?

**KB:** Yes, we, very early on, we told the brewers ... we made ... actually we made agreements with the brewers, the distillers and the liquor stores. There was another really bad bill out there in 2017. We called it the endorsement bill. It was brought by Senator Buttrey, who was chair of Senate Business, Labor, [and Economic Affairs Committee]. It was like a stacked license bill in sheep's clothing. It really was about stacking licenses, except rather than calling them licenses, they were going to require that if you were a brewery and you wanted to grow, you would give up your brewery license. You'd say bye-bye brewery license because you couldn't own a brewery license and a retail license at the same time. You would become a retailer and then you would add on a brewing endorsement. You'd be a retailer with a brewing endorsement rather than being a brewery. It was a lot of subterfuge. It was kinda misleading. It was a bad idea.

We made an agreement with our industry partners that if they helped us oppose this endorsement concept bill and I'm having trouble remembering the senate bill -- I'll have to give it to you later. We in return would support their legislation. For the brewers, it was House Bill 541 which we liked anyway because we'd drafted the year before or the session before. We were gonna help the distillers with their consumptive hour bill to achieve parity with the brewers. The liquor stores didn't have any bills currently, but we said, you know, would support their policies. The entire alcohol industry except the three retailer groups, opposed the bill that Buttrey bought. We killed it.

**AW:** Okay.

**KB:** Despite best efforts. I mean, they were blasting the thing out of committee to the Senate floor. We were able successfully defeat that blast motion.

**AW:** Wow! Then ....

**KB:** Then, we worked hand in hand. We had a lot of lobbyists. We had myself. We had E. J. Redding. We had Melissa Shannon. We had Glenn Opal [?]. We were able to really provide a workforce of lobbyists on House Bill 541. Then, with Matt Leow, who represented the Brewers Association, we had great coverage. We had .... E. J.'s a great strategist when it comes to, you know, things like once it's ... if ... to a point in conference committee. Sometimes you get a bill in conference committee and then it's really in trouble because they can completely change the whole bill. You lose control over it. The effort was to see what we could live with and come of it the Senate, so the House could accept the bill and not reject it in order to avoid to a conference committee when ... sometimes they can get delayed conference committee until sine die. Then, the bill dies. That bill was always a little bit on a shaky ground because of

all the tinkering that was done with it. You know, we really ... I have to say we worked side by side with the brewers very hard on that bill.

**AW:** Wow! Of course, it passed just a few days ago. Last Monday, correct?

**KB:** Yes! They had a bill signing ceremony. It was, you know, it'd been signed before. Governor Bullock re-signed it in a nice little gathering over at Bayern [Brewing]. Bayern was kinda the poster child for that bill because it's brewery was kinda holding up its production at 9,900 barrels because it didn't wanna lose its tap room. As a result, it got a very nice restaurant. Jürgen [Knöller], who owns Bayern, decided he needed some more income generating ways to bring money in. He got a German restaurant there that's quite nice. I'm sure he'll that now that he's allowed to grow. It was really a good wing for his new brewery.

**AW:** Definitely. All right. Well, I don't have any other questions. Is there anything else that you would like to add?

**KB:** No, I think your interview was so thorough. You prompted things and had me remember things I couldn't, you know, would've remembered otherwise. Of course, I've forgotten some things that I need to probably go back and clarify, you know, get you a senate bill number and all that. I think it was .... You did a very thorough job Anneliese. I'll look forward to seeing the transcript and making any corrections I need to make.

**AW:** Thank you so much Kristi!

[Recording ends]